



How brand awareness relates to market outcome, brand equity, and the marketing mix[☆]

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ABSTRACT

Combining survey data with real-market data, this research investigates brand awareness from three perspectives. This study examines the relation between brand awareness and market outcome and explores the relation between brand awareness and brand equity. The study also investigates the effects of marketing mix elements on brand awareness. Results reveal consumers' brand usage experiences contribute to brand awareness, implying experience precedes awareness in some contexts. The results also confirm positive association between brand awareness and brand equity. Lastly, the current work demonstrates the importance of distribution and price promotion in building brand awareness in a consumer-packaged goods category.

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1. Introduction

Brand awareness refers to whether consumers can recall or recognize a brand, or simply whether or not consumers know about a brand (Keller, 2008). Brand awareness precedes building brand equity. The brand name provides the memory nodes in consumers' minds (Aaker, 1991). Consumers may link the related brand knowledge to the brand name, which finally constitutes brand equity (Aaker, 1991; Keller, 1993). Hence, brand awareness provides a kind of learning advantage for the brand (Keller, 2008). Brand awareness affects consumer decision-making, especially for low-involvement packaged goods. Brands that consumers know are more likely to be included in the consumers' consideration set (Hoyer and Brown, 1990; MacDonald and Sharp, 2000). Consumers may use brand awareness as a purchase decision heuristic (Hoyer and Brown, 1990; MacDonald and Sharp, 2000). Therefore, brand awareness increases brand market performance.

Surprisingly, research on brand awareness is scarce. For instance, prior research explores brand awareness's affect on decision-making only through lab experiments at the individual consumer level

(MacDonald and Sharp, 2000). Research linking brand awareness to actual market outcome primarily appears in service industry research (Kim and Kim, 2005; Kim et al., 2003) with the exception of one study in consumer-packaged goods (Srinivasan et al., 2008). Furthermore, causality's direction between brand awareness and brand market outcome remains unexplored. Finally, the literature only partially investigates the question of how to build and enhance brand awareness. Past research typically focuses on the impact of either advertising or distribution intensity on brand awareness; yet only two studies consider the impact of price promotion on brand awareness but with inconsistent results (Srinivasan et al., 2008; Yoo et al., 2000).

The current study contributes to research on brand awareness in three ways. First, this study provides a comprehensive study of the relationship between brand awareness and market outcome, thereby addressing marketing's accountability issues (Webster et al., 2003). Specifically, the study relates brand awareness to various real market outcomes, including sales and brand market share, using both correlational and causal analysis. Second, this research links brand awareness to overall brand equity, considering both customer mindset and product market outcome measures of brand equity (Keller and Lehmann, 2003). Although previous research demonstrates a positive association between brand awareness and customer mindset brand equity (Kim and Kum, 2004; Yoo and Donthu, 2001; Yoo et al., 2000), this result was confirmed on information from surveys only. In contrast, the present study utilizes real market time-series data. In addition, this research also explores the association between brand awareness and brand equity market outcome measures, including revenue premium, share premium, and price premium. Finally, the present study investigates the association between marketing mix elements and brand awareness. Specifically, this study examines price

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promotion's impact on brand awareness, shedding light on inconsistent results in extant literature.

The next section reviews literature on brand awareness's relationship with market outcome, brand equity, and marketing mix elements. The latter sections propose research hypotheses, methodology and results, as well as a discussion of implications and future research directions.

2. Literature review

2.1. Association between brand awareness and market outcome

Brand awareness significantly impacts consumer decision-making; consumers generally use brand awareness as a decision heuristic. A known brand has a much better chance of being chosen by consumers over an unknown brand (Hoyer and Brown, 1990). This well-known brand likely performs better in the marketplace compared to a lesser known brand. Table 1 provides a literature overview on the relationship between brand awareness and market outcome. In general, the literature indicates a positive relationship between the two. For instance, Kim et al. (2003) find brand awareness positively associates with sales in the hotel industry. Silverman et al. (1999) find a weak correlation between brand awareness and market outcome (as measured by sales or brand valuations by Financial World). This weak correlation could be due to sampling error. The respondents (students) in the study, who are familiar with well-known corporate brands such as, GE or Cisco, are not necessarily customers of those brands. High corporate brand awareness does not necessarily translate directly into sales.

The literature linking brand awareness to market outcome is limited and lacks external generalizability. Most studies are examining the service industry (Kim and Kim, 2005; Kim et al., 2003; Kim and Kum, 2004) and principally rely on perceptual data from surveys or experiments, with the exception of Srinivasan et al. (2008). Furthermore, previous research typically measures brand market outcome in terms of sales. Only Silverman et al. (1999) consider brand equity as market outcome.

Finally, the direction of causality between brand awareness and brand market outcome has not been explicitly explored. Theoretically, previous studies treat brand awareness as an antecedent to brand market outcome (Keller and Lehmann, 2003). For product categories involving low financial risk and little time investment for purchase (e.g., convenience goods), consumers may not necessarily go through the "cognition–affection–action" procedure (Mowen and Minor, 2001). Other factors, such as the shopping environment, product placement, and on-the-spot promotion, likely influence the decision to purchase and, consequently, market outcome. Consumers' purchase and subsequent usage experience may predict brand awareness better, rather than the vice versa (Olshavsky and Granbois, 1979). They do not even need brand awareness prior to purchase. Previous empirical research does not investigate a causal relationship between brand awareness and brand market outcome; instead, these studies

contend with only correlational association (e.g., Baldauf et al., 2003; Kim and Kim, 2005; Kim et al., 2003; Silverman et al., 1999).

Baldauf et al. (2003) study is one exception; they find brand awareness is an antecedent to brand market outcome (measured as profitability and sales). However, they do not explicitly test for the causality relationship between brand awareness and market outcome. Their study does not tell whether brand awareness predicts brand market outcome or brand market outcome improves brand awareness. The causality relationship between brand awareness and brand performance requires empirical confirmation, and the current research takes on this challenge.

The following hypothesis advances the extant theory (Keller and Lehmann, 2003).

H1. Brand awareness predicts product–market performance.

In short, this research undertakes a comprehensive exploration of the relationship between brand awareness and various brand market outcomes, including sales, market share and overall brand equity.

2.2. Association between brand awareness and overall brand equity

Most brand equity measures are classifiable into three subsets: customer mindset measures, brand performance measures, and shareholder value measures (Keller and Lehmann, 2003). Customer mindset measures gauge customers' general attitude directly toward a brand and include two important components: brand awareness and brand association. Brand association refers to any brand knowledge relating to the brand in the customer's mind. This knowledge represents overall brand equity in the customer's mind. The following discussion uses customer mindset brand equity as synonymous with brand association. The second group of brand equity measures, called product–market performance measures, assesses the brand market performance resulting from customer mindset measures and includes dollar sales, volume sales, revenue premium, price premium, volume premium, and share premium. Finally, firm level performance measures assess the value created by the brand to the overall corporation.

The current study examines the association of brand awareness with both customer mindset and product market outcome measures. Previous research finds a positive association between brand awareness and overall customer mindset brand equity (Kim and Kum, 2004; Yoo and Donthu, 2001; Yoo et al., 2000), with the exception of Gil, Andres, and Salinas (Gil et al., 2007)'s work. These past studies generally treat brand awareness as a component of overall brand equity and suffer a few shortcomings. For example, some studies consider brand awareness and brand associations as a joint dimension, causing difficulty in untangling the effect of brand awareness from brand association (e.g., Gil et al., 2007; Yoo et al., 2000).

Past studies use only survey research to explore the relationship between brand awareness and mindset brand equity, calling their external generalizability into question. In contrast, the present study contains time-series dataset including market outcome metrics, brand

Table 1
Extant research regarding brand awareness and market outcome.

	Market outcome	Industry/product category	Findings
Baldauf et al. (2003)	Profit sales	Tile	Brand awareness is the antecedent of brand profitability and sales.
Kim et al. (2003)	Sales	Hotel industry	Brand awareness has a positive relationship to market performance. Significant differences in brand awareness are found between high and low market performance hotels.
Kim and Kum (2004)	Sales	Restaurant	Brand awareness has a positive relationship to market performance.
Kim and Kim (2005)	Sales	Hotel restaurant	Brand awareness has a positive relationship to market performance.
Silverman et al. (1999)	Sales brand valuation	Brands valued by financial world	Brand awareness has a weak correlation to sales and brand valuations.
Srinivasan et al. (2008)	Sales	Consumer-packaged goods	Brand awareness could explain for approximately 3% of the variations in sales.

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